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SEC Reaches A Truce on CIA Projects

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The Securities and Exchange Commission has apparently reached a truce with Global Marine, Inc., that skirts the issue of how much stockholders must be told about secret projects for the Central Intelligence Agency.

Following a staff inquiry launched last month, SEC officials concluded that Global Marine's public reports under federal securities laws were "inaccurate and incomplete due to the classified aspects" of its work in raising part of a sunken Soviet submarine from the Pacific Ocean last summer.

The SEC, however, avoided saying whether this was permissible in light of the full-disclosure principle underlying SEC rules and regulations.

"No one's completely comfortable about that," said one SEC official, "but we haven't reached any conclusion about what more can be done."

In effect, another SEC official said, the commission has decided to rest for the moment by requiring Global Marine to acknowledge the secrecy enveloping its work.

As a result, the California-based company has submitted a new annual report that abandons all previous descriptions of the salvage ship—the Hughes Glomar Explorer—as a deep-ocean mining vessel built for billionaire Howard Hughes' Summa Corp.

Instead, Global Marine simply reported continuing profits from the "Glomar Explorer program"—and its scheduled termination next October—without mentioning what it was all about.

"Certain other information about the program cannot be discussed by the company because such information has

been classified by a government agency," Global Marine said.

"We hope that settles it," Global Marine Secretary and Treasurer Taylor Hancock said yesterday. "As I understand it, unless they call us, we've got nothing further to do."

Officially, the SEC has said that its inquiry is still continuing, but several officials indicated that it has been shelved for all practical purposes and that any further demands for disclosure would be left up to individual investors. Any broad-gauged ruling by the SEC could affect a wide number of corporations whose ties to the CIA may come to light.

"What's been done here is obviously not the ultimate resolution of the problem," said one high-ranking SEC official, "but that'll probably have to wait until something like this happens again."

The Glomar Explorer was built for the CIA and reportedly financed by the government under a top-secret agreement with Hughes' privately held Summa Corp. Global Marine, a publicly held corporation whose stock is traded on the New York Stock Exchange, designed it, supervised its construction and has been operating it under an agreement with Summa.

Despite claims of government ownership, the ship is licensed with the Coast Guard in sworn papers describing the Summa Corp. as "the sole owner." A Coast Guard spokesman said no inquiry is planned into the conflicting reports.

"As far as we know," he said, "the ownership is correctly listed [on the Coast Guard certificates]."